

Total Compensation Advisory Council (TCAC)
Minutes of the Meeting of August 1, 2005

Present:	Mary Ann Myer	Nancy Brown
	Joe Nicolini	Barbara McBride
	John Postolowski	Patty Goodwin
	Ted Hollman	
DPA	Jeff Schutt	
	Karen Fassler	
	Sue Huang	

Mr. Schutt chaired the meeting, the minutes from the April 22, 2005, were approved as written.

Welcome New Members: Mr. Schutt welcomed new members: Nancy Brown, Barbara McBride, and Ted Hollman.

2005 Annual Survey Audit Update: Ms. Fassler updated the Council on the survey audit hearing in front of the Legislative Audit Committee (LAC) on Monday, July 25. The independent consultant (Milliman) noted the exceptional job Division of Human Resources (DHR) staff does on conducting the survey and made seven recommendations. The Department agreed or partially agreed with the recommendations. On those that are partial agreements, some issues (e.g., actual pay comparison) reflect philosophical differences or implementation policy outside the control of the Department. The next survey audit will be in 2009, a change from audit every other year to every four years. Detailed survey recommendations and the Department's responses are posted on the State Auditor's web site. Mr. Nicolini expressed his thought on the across-the-board salary adjustment (e.g., 3% for FY0506); specifically, pointing out that a 3% across-the-board adjustment had quite a different impact on those who are paid at the low end of ranges in lower level classes. Mr. Schutt and Ms. Goodwin both pointed out that while this is a real concern, the State's pay system also must acknowledge both internal and external equity. Ms. Brown pointed out that this concern is not impacting low-paid employees only. The State is also facing the problem of losing highly paid, highly skilled or knowledgeable employees to the private sector. Mr. Schutt advised the Council that the Department will continue efforts to examine the issue from all different perspectives, particularly, how to fund performance pay adequately and to move employees through their pay ranges.

While Milliman was recommending the State reduce the number of occupational groups (currently nine groups), Mr. Schutt told the Council that some state agencies request more occupational groups in order to recognize specific needs. The Department is committed to reviewing this issue and making recommendations in the future. In response to a question regarding whether a broadband system would address the issue, Ms. Fassler noted that such a system is not the key to the number of occupational groups. Mr. Nicolini expressed his concern that a broadband system may require employees to do more than the current classes require.

FY0607 Annual Compensation Survey Update: Ms. Fassler updated the Council on the FY0607 annual compensation survey findings. Due to the uncertainty of the State's budgetary situation, the Director's recommendation was not ready so no report could be made to the

Council. Detailed market findings in the FY0607 survey report are to be posted in the DHR's web site. Ms. Fassler advised the Council the report findings include action necessary to deal with some external equity issues, e.g., nurse pay issue raised by Mr. Nicolini. While the Department has developed many tools for State agencies, e.g., discretionary pay differentials, these are less likely to be successful in competing with the market due to level of funding. The Council discussed the performance-based pay (PBP) system. Mr. Schutt told the Council that he met with the Chair of the JBC who, along with the Department, supports adequate funding as a key to the success for the performance pay system. State agencies must manage performance and comply with the statewide performance management and reporting requirements in order for the entire State to gain creditability for seeking PBP funding.

FY0506 Enrollment Update: Ms. Fassler provided the latest enrollment statistics. With approximately 37,000 benefit eligible employees, 24,817 enrolled in the State's medical plans for FY0506, an increase of 2-3%. Dental enrollment dropped by 4% but it was expected because there is no free plan. From the Department's survey last year, many of those who were not enrolled in the State's medical plan were covered by their spouse plans. More employees chose the high deductible health plan without the Health Saving Account (HSA). The Department will monitor the enrollment patterns by different demographic variables (e.g., marital status, salary levels, etc.) in order to study how to make plan improvements for the workforce.

Tentative Meeting Agenda for September: Ms. Brown suggested a PERA presentation for the next meeting. TCAC members were encouraged to contact Judi Karg for next meeting agenda items.

Tentative Agenda for September 23, 2005 meeting:
FY0607 Annual Compensation Survey Update
PERA Presentation
2006 Legislative Session Update – potential legislation initiatives